

**BYLAWS**  
**of**  
**PARK GROVE ESTATES HOMEOWNERS' ASSOCIATION**

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**ARTICLE I**

**Authority and Precedence**

**1.01 Authority.** These Bylaws are adopted and promulgated by the Board of Directors of the Association pursuant to Arizona Revised Statutes § 10-1012 and the authority granted in the articles of incorporation of the Association filed with the Arizona Corporation Commission, as the same may be amended from time to time.

**1.02 Declaration Controls.** This Association was formed and incorporated, in the first instance, pursuant to that certain Declaration of Covenants, Conditions and Restrictions of Park Grove Estates Homeowners' Association, placed of record in the Office of the Maricopa County Recorder, as it may be amended from time to time, which is referred to in these Bylaws and generally in the affairs of the Association as the "Declaration". No provision of these Bylaws or other governing document of the Association shall prevail over a

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conflicting provision of the Declaration, nor shall any act be authorized or taken, nor any policy be proposed or promulgated by or under the authority of the Association by any means other than amendment of that Declaration, if the effect of same is to accomplish a purpose or result that would otherwise require an amendment thereof. Nothing in these Bylaws shall be deemed to restrict the Association from any action or provision that is not in conflict with the Declaration, unless expressly stated.

**1.03 Precedence.** In the event a conflict arises over the power and authority of the Association or one of its members, directors, officers, employees or agents to act or refrain from acting in a particular fashion, or any other conflict regarding the Association, the same shall be resolved according to the definitive provision, if any, of the governing document of the Association with the highest precedence. The precedence of such documents, from highest to lowest, is:

- A. The Declaration (CC&Rs).
- B. Articles of Incorporation.
- C. Bylaws.
- D. Resolutions of the members in meeting assembled, duly adopted and entered in the minutes.
- E. Resolutions of the Board of Directors duly adopted and entered in the minutes.
- F. Rules, regulations and policies established in writing by the officers of the Association.

**1.04 Principal Office.** The principal place of business of the Association shall be in the Park Grove Estates subdivision, or in Gilbert, Arizona from and after the time the Declarant under the Declaration ceases to hold any votes in the Association.

## **ARTICLE II**

### **Members and Meetings**

**2.01 Membership Classes and Qualifications.** The members of this Association shall be of one class, and have equal rights, privileges, responsibilities and liabilities. To be qualified for membership, a person shall meet the qualification stated in the Declaration and in these Bylaws.

- A. No person under 18 years of age shall be entitled to be a member of the Association.

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B. Memberships are not transferable except by transfer of title to the lot upon which membership is predicated.

C. A member must be current in the payment of the annual assessments to validate the membership and to entitle the member to all rights and privileges of same.

D. No member or group of members, or any other person or persons, shall so conduct themselves in or on Association property as to jeopardize the rights and privileges of other Association members, their guests or any other person or persons. A cease and desist order may be issued by the Association Board of Directors against such infractions and, upon failure of such infractors to comply with said order, denial of the use of Association property and suspension of other rights and privileges of membership may be ordered by the Board for such practices.

E. If ordered by the Board of Directors, each member may receive a certificate of membership in the Association, which shall be prima facie proof of membership until evidence to the contrary is presented. Any member may be required to surrender his certificate for reissuance, cancellation or other action upon order of the Board.

**2.02 Annual Meetings.** A meeting of the members shall be commenced annually at such places within the State of Arizona, Maricopa County, as shall be designated by the Board of Directors, between the hours of nine o'clock a.m. and eight o'clock p.m. on the fourth Friday in April of each year, for the purpose of electing directors and for the transaction of any other business that may properly come before it. If no location is specified by the Board, the meetings shall be at the principal office of the Association.

**2.03 Special Annual Meetings.** Whenever from any cause an annual meeting of the members be not held on the day provided, a special annual meeting may be called by the Board in the manner and at such place as is prescribed for the holding of annual meetings of members, at which special annual meeting directors shall be elected, and shall hold office until the regular annual meeting in the year next succeeding and until others are elected and have qualified in their stead.

**2.04 Special Meetings.** Special meetings of the members for any purpose or purposes (except as hereinafter provided) may be called by the President, or by the Board upon a vote of the majority, and shall be called by the President upon written application to him by members holding one-tenth of the votes of the Association, such application stating the purpose or purposes of such meeting. The business transacted at any special meeting shall be limited to the purposes stated in the notice of such meeting.

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**Provided, however,** that as to any special meeting of the members held to conduct any business authorized under sections of the Declaration relating to annual, enforcement-fund and capital improvement assessments, written notice of such special meeting shall be sent to all members of record of the Association not less than thirty days nor more than sixty days in advance of said meeting. At the first meeting so called, the presence at the meeting of members or of proxies entitled to cast 60 percent of all votes shall constitute a quorum. If the required quorum is not forthcoming at such meeting, a second special meeting may be called, subject to the same notice requirement, and the required quorum at such second meeting shall be one-half of the required quorum at the preceding meeting. A third subsequent meeting may be held upon the same terms, including a further reduced quorum. No such subsequent meeting shall be held more than sixty days following the preceding meeting.

### **2.05 Notice.**

A. Notices of all member meetings shall conform to the provisions of these Bylaws, and in the absence of a specific conflicting provision shall be in writing, and be signed by a director or officer of the Association. All notices shall include or have appended to them an agenda or other statement of the business to be conducted at such meeting. Notices shall be delivered to all members in hand or by U.S. first-class mail, postage prepaid, to the member at his or her last known address shown on the records of the Association, not less than ten nor more than thirty days before such meeting. The affidavit of the person making delivery, placed in the minute book of the Association together with the minutes of the meeting, shall be prima facie proof of the fact of delivery of notice.

B. Notwithstanding any provision of these Bylaws, a meeting (except meetings under sections 4.03, 4.05 and 4.06 of the Declaration) may be held on four hours oral notice if (1) the President certifies that an emergency exists, (2) a director or officer certifies that reasonable efforts have been made to notice all members, and (3) there are present at such meeting in person or by proxy holders of at least 25 percent of all Association votes.

C. Whenever members holding at least 90 percent of the votes meet in person or by proxy, such meetings shall be valid for all purposes without notice, and at such meetings any Association action may be taken.

**2.06 Organization.** The President, or in his absence the Vice President, shall call meetings of members to order and shall act as chairman thereof. The Secretary shall act as secretary at all meetings of the members, or in his absence the presiding officer may appoint any person to act as secretary.

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**2.07 Quorum.** Members present either in person or by proxy entitled to cast ten percent of all Association votes, shall constitute a quorum at all meetings of members. A quorum shall be presumed in the absence of a challenge.

**2.08 Adjournment.** If at any annual or special meeting a quorum shall fail to attend in person or by proxy, a majority of the members then represented in person or by proxy at such meeting may, at the end of an hour, adjourn the meeting from time to time without further notice until a quorum shall attend, and thereupon any business may be transacted which might have been transacted at the meeting as originally called. No single adjournment shall exceed 30 days, nor shall all such adjournments be longer than 90 days.

**2.09 List of Members.** At each meeting of members, a full, true and correct list, in alphabetical order, of all the members entitled to vote at such meeting, certified by the Secretary, shall be made available for examination upon written request by any member, director or officer.

**2.10 Voting and Proxies.**

**A.** At all annual and special meetings of members, every member, either in person or by proxy, shall have a right to vote on every question. There shall be one vote for each lot in the subdivision (as defined in the Declaration) which may be cast by any member holding that vote. If two or more members are qualified to vote by reason of an interest in the same lot, then the vote of that lot shall be counted according to these rules:

1. If only one votes, his act binds.
2. If more than one votes, the act of the majority so voting binds all.
3. If more than one votes, but the vote is evenly split on any particular matter, each faction may cast the vote in question proportionally by fractions.

**B.** In all elections for directors of this Association, each member shall have the right to cast as many votes in the aggregate as is equal to his or her one vote multiplied by the number of directors to be elected at such election. Each member may distribute such votes among one or more such candidates as he wishes.

**C.** All proxies shall be in writing, shall be dated and signed by the member, shall designate the person selected as proxy and shall set forth the nature of the powers granted to the proxy. Such proxy shall be filed with the Secretary before or at

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the time of the meeting, and shall be placed in the minute book. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

**2.11 Inspectors.** At all elections of directors, the proxies shall be received and taken in charge, all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided, and all ballots shall be received and counted by two inspectors who shall be appointed by the presiding officer of the meeting and who shall, in writing, certify to the returns. No action need be taken by the inspectors if a unanimous voice vote of those present is received.

**2.12 Financial Statements.** When the Association shall have more than ten members, a copy of the financial statements of the Association for the preceding fiscal year shall be delivered to each member at the annual meeting.

**2.13 Objections.** All informalities and/or irregularities in calls, notices of meetings and in the matter of voting, form of proxies, credentials, and method of ascertaining those present, shall be deemed waived if no objection is made at the meeting.

### ARTICLE III

#### Board of Directors

**3.01 Size.** The business and affairs of the Association shall be managed and controlled by a Board of not less than three nor more than seven directors (referred to in these Bylaws as the Board), as may be determined from time to time by resolution of the Board.

**3.02 Term.** The directors shall be elected at the annual meeting of members, except as provided in the next succeeding section of this article, and each director shall hold office until the next annual meeting of members or until his successor shall have been duly elected and qualified.

**3.03 Vacancies.** In case of any vacancy among the directors through death, resignation, disqualification, increase in the Board or other cause, a majority of the remaining directors, whether or not constituting a quorum, may at any regular or special meeting elect a successor to hold office for the unexpired portion of the term of office.

**3.04 Regular Meetings and Organization.** The Board shall hold an annual organizational meeting at such place as it shall designate immediately after the adjournment of each annual members meeting, at which it shall conduct such business as is required or appears

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appropriate. The Board shall also meet at such other times at regular intervals as it may from time to time by resolution provide.

**3.05 Special Meetings.** Special meetings of the Board may be called by the President, and shall be called by the Secretary on the written request of a majority of the Board. Unless otherwise specified in the notice thereof, any and all business may be transacted at a special meeting.

**3.06 Place of Meeting.** The directors shall hold their meetings, both regular and special, at such places within the State of Arizona as the Board may from time to time determine.

**3.07 Notice of Meeting.** No notice shall be required to be given of any regular Board meeting unless held outside the subdivision or Gilbert, Arizona. The Secretary shall give notice to each director of each regular meeting for which notice is required, and of each special meeting, by mailing the same at least three days before the time of each meeting or by telegraphing or telephoning not less than two days before the time of the meeting. Whenever all of the directors meet, such meetings shall be valid for all purposes without notice. No notice of any meeting of directors shall be necessary if waiver of notice is signed by a quorum of directors.

**3.08 Quorum.** A majority of the Board in office at the time shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn from time to time, without notice, until a quorum be obtained. The vote of a majority of the directors present at any meeting in favor of or against any proposition shall prevail.

**3.09 Committees.** From time to time, the Board may appoint committees for any purpose or purposes, whose powers shall be specified in the resolution of appointment. The committees shall keep regular minutes of their proceedings and report the same to the Board.

**3.10 Compensation.** The directors of the Association and all members of committees shall serve without salary, except as may be determined by the Board.

**3.11 Action by Resolution.** Except as otherwise provided by law, the Board shall have power to act in the following manner: A resolution in writing, signed by all the members of the Board, shall be deemed to be action by the Board to the effect therein expressed, with the same force and effect as if the same had been duly passed by the same vote

at a duly convened meeting, and it shall be the duty of the Secretary to record such resolution in the minute book of the corporation under its proper date.

**3.12 Transactions with Directors.** No contract or other transaction between the Association and any other person shall be affected or invalidated by the fact that any one or more of the directors or officers of the Association is interested in, or is a partner, shareholder, director or officer of such other person, and no contract or other transaction between the Association and any other person or firm shall be affected or invalidated by the fact that any one or more directors of this association is a party to, or interested in, such contract or transaction; provided that in each such case the nature and extent of the interest of such director or officer in such contract or other transaction, and/or the fact that such director or officer has the stated affiliation, is known to the Board 'or is disclosed at the meeting of the Board at which such contract or other transaction is authorized.

#### **ARTICLE IV**

##### **Officers**

**4.01 Executive.** The officers of the corporation shall be a President, a Vice President, a Treasurer, a Secretary, and such additional officers as the Board may determine, who shall be elected by the Board at its annual meeting. One person may hold more than one office, except the President shall not be the Secretary. Officers need not be directors, nor directors be officers.

**4.02 Subordinates.** The Board may appoint such other officers, including one or more assistants in each office except President, as it shall deem necessary, who shall have such authority and shall perform such duties as may be prescribed by the Board from time to time.

**4.03 Tenure of Officers.** All officers and agents shall be subject to removal at any time, with or without cause, as determined by the Board. The term of each officer shall in any case expire upon the adjournment of the annual meeting of directors next succeeding his election.

**4.04 President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board. He shall have general and active management of the business of the Association, and shall see that all orders and resolutions of the Board are carried into effect. He shall execute on behalf of the Association, and may affix the Association's seal or cause it to be affixed to all instruments requiring such execution except to the extent the signing and execution thereof shall be



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expressly delegated by the Board to some other officer or agent of the Association.

**4.05 Vice President.** In case of the absence or disability of the President, the duties of the office shall be performed by the Vice President.

**4.06 Secretary.** The Secretary shall keep the minutes of all proceedings of the Board and of all meetings of the members; he shall attend to the giving and serving of all notices for the Association when directed by the President; he shall sign with the President or the Vice President when required to do so, in the name of the Association, all contracts authorized by the Board, and shall affix the seal of the Association thereto; he shall have charge of the Association's seal, certificate books, and such other books and papers as the Board may direct; and he shall in general perform all the duties incident to the office of Secretary, subject to the control of the Board.

**4.07 Treasurer.** The Treasurer shall have custody of all funds and securities of the Association which may come into his hands; he shall endorse, on behalf of the Association for collection, checks, notes and other obligations, and shall deposit the same to the credit of the Association in such bank or banks, or other depositories as the Board may designate; he may sign receipts and vouchers for payment made to the Association; he shall sign checks made by the Association and pay out and dispose of the same under the direction of the Board; he shall sign, with the President or such other person or persons as may be designated by the Board, all authorized promissory notes and bills of exchange of the Association; whenever required by the Board, he shall render a statement of his cash accounts; he shall enter regularly, in the books of the Association to be kept by him for that purpose, full and accurate accounts of all monies received and paid by him on account of the Association; and he shall perform all other duties incident to the position of Treasurer, subject to the control of the Board.

## ARTICLE V

### Miscellaneous Provisions

**5.01 Indemnification.** The Association shall indemnify any and all of the directors or former directors of the Association, their personal representatives and heirs, and the Board may, in its sole discretion, determine to indemnify any and all of the members, officers, employees and agents, or former members, officers, employees and agents of the Association, their personal representatives and heirs, against expenses incurred by them or judgments or

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penalties rendered or levied against any such person in a legal action (whether civil, criminal, administrative or other) brought against any such person for actions or omissions alleged to have been committed by any such person while acting within the scope of his employment as a director, officer, employee or agent of the Association as provided in Arizona Revised Statutes, as amended. Provided however, that in all cases the Board shall determine in good faith that such person did not act, fail to act, or refuse to act willfully and in good faith, or with gross negligence, or with fraudulent or criminal intent with regard to the matter involved in the action. If such person is both a director and an officer, he shall be entitled to indemnity as a matter of right only if the alleged actions or omissions pertain to his position as a director or as both a director and an officer. A member of any committee appointed by the Board shall have the same right of indemnification as a director with respect to alleged acts or omissions by him as a member of such committee.

A. The term "expenses" as used herein shall include all obligations incurred by such person for the payment of money, including without limitation legal fees and amounts paid in settlement of any such action. A judgment or conviction (whether based on a plea of guilty or nolo contendere or its equivalent, or after trial) shall not be conclusive as to whether the person against whom judgment is rendered acted, or failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent with regard to the matter involved in the action.

B. Any determination with respect to indemnity shall be made by resolution adopted by a majority of the Board, excluding from such majority any directors who have incurred expenses, judgments or penalties in connection with such action; and if there is no quorum of directors who are not so excluded, then by resolution adopted by a majority of a committee of non-excluded directors and/or shareholders, appointed by the Board (all directors being eligible to participate in such appointment). the right of indemnification provided herein shall be in addition to any other right which such directors, officers, employees and agents of the Association may have or hereafter acquire.

**5.02 Association Seal.** The Board shall provide a suitable seal, circular in design, bearing on its outer rim the name of the Association, and in the center the year of incorporation, which seal shall be in the charge of the Secretary, to be used as directed by the Board and as required by law.

**5.03 Fiscal Year.** The fiscal year of the Association shall be established by resolution of the Board.

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**ARTICLE VI**

**Amendment**

These Bylaws may be amended by the affirmative vote of a majority of the Board, all then-authorized seats on the Board being counted, and in accordance with the Association articles of incorporation.

KNOW ALL MEN BY THESE PRESENTS:

I, the duly elected Secretary of Park Grove Estates Homeowners' Association, an Arizona corporation, do hereby certify that the above and foregoing Bylaws were duly adopted as the Bylaws of said Association at the meeting of directors held on Friday, April 27, 1984; and the same do now constitute the Bylaws of said Association.

Certified and the seal of the corporation impressed hereon at Gilbert, Arizona on Friday, April 27, 1984.

Richard C. Walpole  
Secretary